

Namibia's Whites Look Ahead

They Appear Calm at Prospect of Black-Majority Rule

By John D. Battersby

New York Times Service
SWAKOPMUND, South-West Africa — The white inhabitants of South-West Africa who are spending the holidays in this coastal resort, display little of the fear and panic that the prospect of black-majority rule evoked in them a decade ago.

"We will have to live with it and make the best of it," Andries Amet, the chief official of Swakopmund's town council, said, when asked about the likelihood of black nationalists winning independence elections set for next year.

Although his views did not reflect those of the territory's more recalcitrant whites, they underscored changing white attitudes after 10 years of internal changes in race relations and a campaign by South Africa to prepare this territory, which is widely known as Namibia, for independence and a sharing of power among races.

"People have been living with the talk of independence for so long that it has become a part of the way of life," Peter Kittler, a Namibian of German origin who owns a beachfront store here, said.

Blacks and whites mingled freely

on the main beach on the chilly waters of the Atlantic Ocean. A huge white beach, with a black and brown children in a torrent of water.

The prospect of a black-majority government in Namibia came a step closer with the signing of a peace accord in New York last week after six months of U.S.-sponsored negotiations among representatives of Cuba, Angola and South Africa.

Whites are a small minority in Namibia — by one reckoning, only 76,000 of 1.2 million people, the great majority of whom are black.

South Africa gained control of the territory from Germany in 1915 and has ruled it since, for the last 22 years in disregard of United Nations resolutions.

Now, the drain on the South African economy, the political costs of the war against black guerrillas based in Angola, and the buildup of Soviet-backed Cuban forces in Angola appear to have coaxed Pretoria to significant concessions at the negotiating table.

Its rich mineral deposits, thriving fishing industry and prosperous farms have intensified the international dispute over its status.

After a decade of waiting, the white residents of Namibia face the prospect of independence with a mixture of impatience, resignation and uncertainty.

Pretoria stalled at putting the plan into practice and was later backed by the United States in its insistence that the plan could not go ahead until a large Cuban force withdrew from Angola.

According to the timetable for independence, a UN peacekeeping force will oversee a seven-month transition beginning April 1, leading to elections for a constituent assembly by November.

Mr. Kittler, the owner of the beachfront store, is skeptical that the agreed-upon timetable for independence will be met.

"If the independence plan is put into effect and things get bad, then people will leave," he said. "But it won't be like 1978 when many whites left in anticipation of the event."

The whites' position of privilege and prosperity has barely been affected by the changes so far.

Whites still control the wealth and enjoy a lifestyle matched in few places. Fine hotels serve excellent German cuisine to a mainly white clientele.

The relaxed racial atmosphere in this quaint town, a place of German colonial buildings, reflects the progress made toward scrapping statutory racial discrimination.

Apartheid laws such as enforced residential segregation have been abolished, and the interim administration is made up of a majority of blacks.

"We have done a lot of work preparing people for a black government," Dirk Mudge, an Afrikaner who heads the black-majority transitional administration, said.

"If independence had been put into effect 10 years ago it would have been a disaster," he said. "People are more used to the idea now and I think it will go more smoothly this time."



In San Salvador, a soldier inspecting damage after an attack on the armed forces headquarters.

REBELS: In Central America, No Winners or Losers

(Continued from page 1)

Nicaragua, mostly civilians, have died.

During Mr. Reagan's first six months in the White House, the Sandinista government, among other measures, assumed the offices of Managua's independent human rights commission and received its first shipment of heavy Soviet weapons, some two dozen tanks. The Sandinistas seemed certain that they would build a socialist fortress in Central America.

Today, the Sandinistas are far more subdued as they struggle to revive a moribund economy and impoverished population while courting greater Latin and European support. They have publicly announced postponement of the more radical stages of their socialist program indefinitely.

During the past eight years, both the Reagan administration, and the leftist forces in Nicaragua and El Salvador it sought to crush, have discovered their limits.

The Reagan administration learned that its conviction, rhetoric and backing for proxy military forces were not enough to "roll back" the Sandinistas or dismember the Farabundo Martí National Liberation Front, the Salvadoran guerrilla alliance.

The Sandinistas and the Salvadoran guerrillas learned that tolerance for Marxist-inspired governments remains low in a region still

very much under the influence of the United States.

Ironically, the Salvadoran guerrillas have survived while the once much larger contra force seems doomed to fade away for lack of assistance.

Ruben Zamora is a left-leaning Salvadoran politician who fled his country in 1980 to ally with the armed FMLN, then returned this year to participate peacefully in upcoming elections. Mr. Zamora said he draws two main conclusions from the Reagan years.

"First, despite all the aggressiveness the United States can show in a tiny region like this, it is possible to resist. Reagan can't get rid of us completely. Second, even if we manage to hang on, the U.S. administration has an almost unlimited capacity to ruin any plan to develop we might have. So we have seen very clearly what Reagan's limits are and what our own limits are."

Looking back, many Central Americans describe the early Reagan years as a time of great illusions, when ideological visions were confused with reality. Both conservatives and revolutionaries pressed for confrontation, believing they could win.

Today, that has ended. Salvadorans and Nicaraguans say they remain far from achieving national consensus. But many political enemies now share a realism about what they will not be able to accomplish.

Two myths were shattered along the way. First, in 1981, after the Sandinistas had recently toppled the unpopular Somoza dynasty and the Salvadoran rebels were battling murderous death squads, revolutionary movements were widely seen in Latin America as the most committed champions of liberty.

Today, while they still have supporters, it is hard to find anyone in Central America who describes the FMLN or the Sandinistas as heroes. "The romance of revolution is totally gone," remarked Joseph Elidridge, a representative of the human rights group Americas Watch.

Second, the myth of invincible Yankee might foundered. American power, albeit applied indirectly, failed to provide conclusive victories against leftist forces in two tiny countries, El Salvador and Nicaragua, that together have only 8 million people.

"I'm absolutely and terribly disappointed," said Hugo Barrera, a rightist Salvadoran politician. "Our expectations of Reagan were completely deflated."

While government measures raising taxes on land sales and promoting land reclamation have helped to lower land prices a little, prices are not going to fall substantially as long as so many people continue to crowd into Tokyo, with its booming service and financial industries.

Mr. Akabane and Mr. Masamura, who served on a government committee on land use, believe there is little the government can do to reverse the widening sense of disparities between classes.

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According to Denton, Japan's leading advertising agency, Japanese are snapping up European furniture and special toilets with built-in bidets.

Many of the purchasers have been prosperous land and stock holders — the planning agency estimated that spending by company owners rose by 4 percent last year, compared to a 0.7 percent rise in consumption in laborers' households.

But other consumers are those who have given up on buying a home and spend on luxury items instead. Denton said more Japanese are buying weekend resort condominiums, where they can retreat for a break.

Japanese are also paying more attention to another gap — the relative one between national and personal wealth.

"There are gaps between our ability to earn income and to enjoy the outcome of our diligence," said Takao Akabane, deputy minister of the economic agency. "In dollar

terms, our per capita gross national product is the first or second in the world. But because of high prices, that income is not enough to give Japanese people the number one or two living standard."

According to the government reports, more Japanese say they are dissatisfied with long working hours, high prices, poor service and the general lack of amenities in daily life, such as few parks and recreational areas. Since 1984, the percentage of people who say they are satisfied with their lives has been dropping, and last year hovered around 50 percent.

More and more Japanese are noting the contrast between their living standards and those in Western countries whose economies are not as strong as Japan's.

"Japanese must consider changing their way of living — long working hours, long commuting hours, very few parks," said Kimihiko Masamura, professor of economics at Sensu University near Tokyo. "Even though the sea is near, it's incredibly hard to get to the beach. There's not a good balance between work and free time."

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WORLD BRIEFS

Kremlin Official Warns Soviet Press

MOSCOW (AP) — The Kremlin ideology chief, in a speech published Monday, criticized some state publications for sensationalism and called for less treatment of facts under the policy of greater openness espoused by President Mikhail S. Gorbachev.

Vadim A. Medvedev, who was named to the Communist Party Politburo in September, indicated that there would be no lessening of control over the mass media. But he also criticized party and government traditionalists, who he said were standing in the way of changes sought by Mr. Gorbachev.

"People are concerned about hysteria, sensationalism, the destructive direction of some statements, the inciting of passions, lack of regard for the facts, a deficit of professionalism," and other tendencies in the Soviet press, Pravda quoted Mr. Medvedev as saying. "The mass media must obey general laws," he said.

Arab League Backs Libya Over Plant

TUNIS (Reuters) — The Arab League council expressed solidarity with Libya on Monday and said that any U.S. attack on an alleged chemical weapons plant there would seriously harm Arab-American relations.

At the end of a one-day meeting called by Libya after President Ronald Reagan hinted an attack might be under discussion, the council of permanent representatives said: "The council affirms its total solidarity with Libya and warns against any temptation to unleash an aggression against this state, which would risk having the most serious repercussions on the region and on Arab-American relations."

Libya has denied having any chemical weapons and said the factory at Rabta would produce medicine when it opens in two or three months. Mr. Reagan said last week that Washington was consulting with its allies on how to stop Libya from producing poison gas at the plant. He did not rule out a pre-emptive attack.

19 Die in Riots After Indian's Murder

NEW DELHI (Reuters) — Troops were sent to the south Indian city of Vijayawada on Monday after 19 people died in riots following the murder of a local politician, the Press Trust of India said.

It said paramilitary police reinforcements were already patrolling the streets of the city in Andhra Pradesh state to restore order and enforce a 24-hour curfew.

At least six of the victims died when police opened fire on crowds, rioting after a state assemblyman, Mohan Ranga Rao, the agency said. Mr. Rao, a member of the Congress (I) Party, was attacked in a camp near his home where he had been fasting for four days to protest alleged police harassment. Others were killed when rioting spread.

Exiles Urge Castro to Hold Plebiscite

MADRID (Reuters) — More than 100 intellectuals and entertainers urged President Fidel Castro on Monday to follow the example of Chile and let Cubans decide in a plebiscite whether he should stay in power.

They signed an open letter to Mr. Castro, drafted by Cuban exiles made available to news organizations in Madrid, before publication Tuesday as an advertisement in newspapers in several countries. It said Mr. Castro should call elections if Cubans voted no in an internationally supervised ballot. He will mark his 30th year in power Jan. 1.

The signatories, including Federico Fellini, the Italian film director, Saul Bellow, the American writer, Yves Montand, the French entertainer, and Jack Nicholson, the American actor, also said political prisoners should be freed and exiles allowed to return home.

TRAVEL UPDATE

The Soviet Union has asked South Korean companies to help build hotels to boost tourism, a Seoul construction official said Monday. Officials at the Overseas Construction Association of Korea said they were told the Russians planned to double the number of hotel rooms in major cities to 11,000.

Air France said Monday it had canceled three flights to London and on to Geneva scheduled for Tuesday as a 71-day strike by mechanics dragged on with little sign of a settlement.

CRASH: Suitcase Is Flown to

(Continued from page 1)

al failure had been found, though that was still being investigated as a possible cause.

The aircraft, the 15th 747 built by the Boeing Co., was delivered to Pan Am in February 1970.

Mr. Charles's statement said: "Although, because of the fragmented and scattered nature of the wreckage, the investigation of the structural aspect of the accident is a slow process, no evidence of a structural failure has so far been found. However, the possibility of such a failure is still being actively investigated."

Officials at the U.S. Embassy, which is also involved in the crash investigation, said they could add nothing to Mr. Charles's statement.

The plane, Pan Am's Flight 103, disintegrated in the air while less than an hour out of Heathrow Airport en route to New York City. Some passengers and luggage originated in Frankfurt with the first leg of the flight on a smaller 727 aircraft, which left off about half its passengers in London.

On Friday, callers who said they represented a group called the Guardians of the Islamic Revolution, thought to be linked to Hezbollah, a Lebanese faction controlled by Iranian extremists, told news agencies in London that they were responsible for bringing down the plane. The authorities treated the claim with skepticism.

Speculation that a bomb might have blown up the plane was increased by the fact that on Dec. 5, a caller had warned State Department officials that there would be a bombing attempt against a Pan American aircraft flying from Frankfurt to the United States.

The British police were made aware of the warning but decided their already tight security procedures at Heathrow Airport were sufficient, they said last week. But the authority that runs the airport said it was not informed of any threat to a Pan American plane.

Speculation about who would want to put a bomb aboard a plane has ranged from extremists who oppose the scandalous Liberation Org. to an opening of a dialogue with United States to pro-life fundamentalists and to the accidental shooting down of a Pan Am jetliner with a Soviet-made missile.

Superintendent Angus K. for a police spokesman for the operation, said that 240 bodies had been found, that 11 local residents — 9 adults and three children — were listed as missing and presumed dead. The search for the 29 bodies still missing will continue Tuesday, he said.

"At the moment, only a small number of them are fully identified," he said. "As soon as a body is positively identified and a post mortem carried out, we can register the death and then place the body in a chapel of rest and make an undertaker available for any relative who wishes to come here to view the remains."

U.S. Jet Lands Safely With Hole in Fuselage

The Associated Press

CHARLESTON, West Virginia — An Eastern Airlines jet carrying 110 people made an emergency landing at an airport near here Monday after developing an 18-inch hole in the fuselage and losing cabin pressure at 31,000 feet, police said. No one was injured.

A spokesman of the Federal Aviation Administration in Atlanta said there was no immediate indication of the cause of the crash. The Boeing 727, en route to Atlanta from Rochester, New York, and carrying 104 passengers and six crew members, experienced "rapid decompression," officials said. The hole was about 18 inches (about 45 centimeters) long and six to eight inches wide on the left side of the aircraft near the tail.

Western Papers Go on Sale Sunday in Soviet Kiosks

The Associated Press

MOSCOW — Special kiosks in large Soviet cities will sell a few hundred copies a day of Western newspapers and magazines beginning Sunday, Tass said Monday.

The news agency said the publications would include the International Herald Tribune, the U.S. newspapers Time and Newsweek, and The Guardian, The Times and the Financial Times of London.

Initially, Tass said, 400 copies each of the International Herald Tribune and the Financial Times and 350 copies of The Guardian will be sold daily. It did not say where besides Moscow they will be sold.

"The fact that the new arrivals, which certainly cannot be called 'pro-Soviet,' will be sold here at all says a lot about increased openness in the Soviet Union," the official press agency said. Distribution of such publications has long been prohibited in the Soviet Union on ideological grounds. Since the Moscow summit meeting between President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, a few copies of the publications have been available at the Soviet Foreign Ministry's press center. But access to the press center generally is limited to accredited correspondents.

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DEATH NOTICE

VAN TIENHOVEN (Thomas Floro)
On December 21, 1988, aged 45, tragically at Lockhart with as many others. Beloved husband of Vera, father of Christian and Saskia. Son of Zuzse and the late Gips. brother to Gerry and Robby.

MESSAGE OF CONDOLENCE

VAN TIENHOVEN (Thomas Floro)
On December 21, 1988
Condolence from all the friends and colleagues of Tom and their expressions of deep sorrow to Vera, Christian and Saskia, his mother and brothers and their families.

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Part II of the
International Herald Tribune's
Advertising Section on the Côte
d'Ivoire, to appear on
31 December, 1988,
will be devoted to the economy.

SOLDIERS: For U.S. Soldiers on the German Border, Holidays as Usual

(Continued from page 1)

trim the Red Army by 500,000 troops in the next two years.

"It makes you feel more secure about being here," Private First Class Charles Gravis, a 20-year-old tank driver, said. "It makes you feel safer."

Because of Mr. Gorbachev, several soldiers said their parents do

not telephone quite so often with anxious questions.

"I think it makes my mother feel better than it does me," said Sergeant Kenneth Bacon, 23, a tank gunner. It was his first Christmas away from his wife and two daughters, but he was not complaining.

"I'm kind of a patriotic person," he said. "That's a lot of the reason why I joined the army. If we weren't here, maybe there wouldn't be any Christmas."

These soldiers have two overall missions: watching the border, and taking out their M1 Abrams tanks and Bradley Cavalry Fighting Vehicles to practice maneuvering, scouting and shooting.

The soldiers normally live in the Bad Hersfeld barracks, but they spend about 30 days a year at border outposts such as this one. They come for several weeks at a time to patrol the frontier on foot and in

jeeps. Their main job on such outings is to watch for any indications that the other side is building up its forces for a possible attack.

Nobody here could remember ever seeing any such indications. Instead, they report mostly on East German efforts to make the border "leakproof," such as by installing new sensors or putting up additional fences.

The Americans gather information on the frequency of East German patrols, appearances of Warsaw Pact Hind-D and Hoplite helicopters, and of East German military vehicles.

The U.S. troops are not supposed to speak with or otherwise acknowledge the presence of the East German border soldiers they see. But it was clear that there is a bit more contact than regulations technically allow. Several soldiers reported exchanging obscene ges-

tures, and, in one case, a cautious smile, with their counterparts on the other side.

"They do the same thing we do — which is looking," said Sergeant First Class John Kregel, 41, the outpost's noncommissioned officer-in-charge.

U.S. officers and enlisted men said they felt sorry for their comrades-in-arms who never get a chance to see the heavily fortified frontier. "Until I saw the border, I never knew you could do something like that to another person," keep them penned in," Private John Hubbard Jr., 20, said. "It made me feel like I joined the army for a purpose, not just to cook."

Added Second Lieutenant Christopher Kolenda, 23, the outpost's officer-in-charge: "I got a real bit more contact than regulations technically allow. Several soldiers reported exchanging obscene ges-

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صكزامن الاصل

Church Sees Threat To Brazil's Indians

By Marlies Simons
New York Times Service

RIO DE JANEIRO — The Roman Catholic Church in Brazil has accused the government of President José Sarney of adopting policies that could lead to the extinction of the Yanomami, one of the country's largest Indian tribes.

The Conference of Brazilian Bishops charged that the government had allowed as many as 100,000 gold prospectors into the homeland of the Yanomami. About 9,000 members of the tribe live in the northwestern state of Roraima bordering Venezuela.

As a result, it said, more and more Yanomami were becoming victims of both violence and disease brought into the region by the prospectors. "The Yanomami are being massacred as if they were not human beings," the bishops' statement said.

The church also said the government had recently reduced the tribe's lands by 70 percent in violation of the new constitution, which recognizes the "original rights" of Brazil's 220,000 or so surviving Indians "over the lands they traditionally occupy."

"The Yanomami are in extreme danger of extermination," the bishops' statement said. "Economic, political and military interests, backed by a state that should be defending the Indians, are taking precedence over the rights of the Yanomami, whose only aspiration is to live in dignity."

Ovidio Martins de Araujo, legal counsel for the National Indian Foundation, said the government was also alarmed by the invasion of prospectors in the Yanomami region and was planning to evict them. But he rejected the charge that the government had violated the constitution in defining tribal lands.

Although the Indians in Brazil have been fighting a losing battle for survival since Portuguese colonizers arrived in 1500, the Yanomami have long been regarded as an unusual case because contact with them was not established until

1950 and, in contrast to many other tribes, they still retain most of their traditional customs.

Over the last 15 years, the outside world has increasingly encroached on them. After work began in 1973 on a highway between Manaus and Boa Vista that cut through the southeastern edge of their lands, many Yanomami fell ill with malaria, tuberculosis, influenza and venereal diseases brought in by construction workers.

When the government identified gold, uranium and cassiterite reserves in the Yanomami region in 1975, freelance prospectors then began moving deep into the tribal lands, not only clashing frequently with the Indians but also polluting their rivers and lakes.

In the 1980s and particularly since civilian rule returned to Brazil in 1985, tensions in the Yanomami region have been growing steadily. The Catholic Church has stood almost alone in defending the Indians against the armed forces, local government authorities, mining companies and prospectors' organizations.

One explanation provided by the National Security Council for its decision in 1985 to establish military bases along Brazil's northern frontier was the belief that pro-military creation of a Yanomami republic covering parts of both Brazil and Venezuela, where some 10,000 Yanomami live.

At the same time, the National Indian Foundation, known in Brazil as Funai, has taken the position that social and cultural integration into Western society is in the interest of the country's Indians.

"We can't have the Indians eternally as museum pieces," Mr. de Araujo said. "Our policy is to integrate them so they can have a more human and dignified life."

The church's argument, however, is that the Yanomami are defenseless against the chaotic scramble to exploit the resources within their traditional lands, particularly when this is tolerated and even encouraged by different organs of the government.



A Brazilian politician paid tribute to Francisco Mendes Filho as mourners gathered around his coffin.

2,000 at Funeral of Brazil Activist

Washington Post Service

RIO DE JANEIRO — About 2,000 people gathered Monday for the funeral of Francisco Mendes Filho, a Brazilian rural labor leader and defender of the Amazon rain forests who was killed last week.

Environmentalists, politicians and celebrities from all over Brazil journeyed to the ceremony in Xapuri, an Amazon village where Mr. Mendes lived in the northwestern state of Acre.

Police, environmentalists and leaders of the Union of Rural Workers of Xapuri, of which Mr. Mendes was president, have blamed the slaying on two area land barons, both members of an association of landowners opposed to agrarian reform.

As Polish Economy Staggers, Solidarity Accord Is Likelier

By Jackson Diehl
Washington Post Service

WARSAW — After months of resisting a political settlement with the banned Solidarity labor movement, the Polish leadership is being forced toward concessions as the country teeters on the brink of economic crisis.

The Polish leader, General Wojciech Jaruzelski, suspended the last Central Committee session of the year last week without yielding on the issue of Solidarity's legalization — the main demand of the year's two strike waves and the key to a broad "anti-crisis pact" between government and opposition.

Nevertheless, opposition leaders and Western diplomats say there is a growing chance that the government will be forced to come to terms with Solidarity in the coming year. As inflation has surpassed 60 percent and living conditions have steadily worsened, they say, the popularity of the independent union movement has sharply risen.

Now, despite a move to put into effect new economic plans, the government is facing growing consumer shortages and has all but resigned itself to a new downturn that could bring Poland back to the bare shelves and long lines of 1980-1981. As a result, even the most optimistic party strategists expect another surge of unrest among workers, one that may be harder to control than those in May and August of this year.

"Solidarity's patience is running out," the deputy prime minister, Ireneusz Sekula, told the parliament last week.

Party members say both the expected conflicts and any move toward agreement with Solidarity may pose a special threat to General Jaruzelski, who ordered the suppression of the union under martial law in December 1981. The combination of the growing economic disorder and Solidarity's mounting strength has left the general open to the charge that he is returning the country to the situation he inherited when he took power in the fall of 1981.

"Jaruzelski has to be very careful," said one veteran party official. "Feelings within the party are very bad, and a lot of it is being directed against him."

In the last three months, he already has been overshadowed as a national leader by Mieczyslaw Rakowski, the veteran politician who took over as prime minister in September and quickly launched an aggressive image-building campaign that included economic reforms.

The prime minister at first was openly disdainful of talks with Solidarity, and his program appeared



Lech Walesa

intended to substitute for a pact with the opposition. Yet, hopes within the party for the success of such a strategy collapsed after Lech Walesa, the Solidarity leader, charmed a national television audience during a debate with the chief of the official unions, Alfred Miodowicz, last month.

After the broadcast, Mr. Walesa's personal popularity soared. Moreover, according to unpublished government polls, the percentage of Poles favoring the legalization of Solidarity rose from 52 percent to more than 70 percent, party sources said.

Authorities have responded to Mr. Walesa's surge with a campaign in the official press praising him as a moderate and responsible leader, in contrast to unnamed "extremists" elsewhere in the opposition. But since the prize has not been accompanied by any change in the official position on legalizing Solidarity, union campaigners have concluded that the government is simply seeking to co-opt Mr. Walesa.

The principal obstacle to the union's restoration now appears to lie in the ranks of the ruling party, especially in the apparatus of the police, the military and the existing Communist-run trade unions. At the plenum last week, as at an earlier meeting in September, several rank-and-file Central Committee members harshly attacked Solidarity and rejected any move to legalize it.

Remarkably, however, Mr. Rakowski responded with a speech defending Mr. Walesa and suggesting that "many people are in favor of what the government is doing and at the same time want the restoration of Solidarity."

Although the struggle within the party is far from over, many politi-

cal analysts say they believe the deteriorating economy will soon provide a decisive impulse for action. Since the last wave of strikes ended in early September, inflation has rapidly picked up speed as authorities have poured money into the economy to quiet workers. According to official statistics, wage inflation in the 12 months ending in November reached 114 percent.

Because prices have not kept pace with wages, rising less than 70 percent, goods are rapidly disappearing from state shops and inventories are approaching the rock-bottom lows they reached in 1981, according to official statistics. Yet, party authorities, fearful of another explosion of worker unrest, have vetoed the big price increases that would be necessary to stabilize the situation.

The government economic plan presented to parliament last week suggests an unorthodox and highly risky approach. It calls for raising basic food prices about 15 percent next year while trying to keep workers' wage increases and other price rises under 20 percent. The cost of this strategy will be a massive increase in subsidies that will quadruple the government's budget deficit to more than 1 trillion zlotys, or about \$2.1 billion.

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Past Posturing Aside, Bush-Congress Relations Seem Calm

By Robin Toner
New York Times Service

WASHINGTON — This is a season of passive aggression, political-style, among congressional Democrats.

Just seven weeks after the close of an extraordinarily bitter presidential campaign, many Democratic lawmakers speak with elaborate courtesies of President-elect George Bush.

They say they look forward to a government of conciliation. They say he understands them, remembers their names. They voice the respect of one group of professionals for another.

"You can say it was a nasty campaign," said Tony Coelho, the Democratic California congressman who is the House majority whip. "You can say anything you want, but basically this was a professional campaign. They knew what they had to do and they did it."

But beneath the conciliatory facade is a stony resolve, centered on the federal budget, the playing field for the politics of 1989. Many Democratic leaders, after listening to President Ronald Reagan call them tax-and-spend addicts and after Mr. Bush's "Read my lips" assurance of no new taxes, are determined to see the president-elect take the first step toward increasing revenue.

New taxes may be critical to eas-

ing the deficit, they say, but the issue demands presidential leadership. And so, the Democrats smile and wait.

Representative Beryl Anthony Jr., chairman of the Democratic Congressional Campaign Committee, went home to Arkansas before

"What are the options? That we sulk and pout and say we're not going to work with the president-elect because we don't like the campaign he conducted?"

George J. Mitchell, Senate majority leader.

Christmas. When his constituents asked him about the possibility of new taxes, the Democratic leader said he would vote for them only when the president asked him to, in writing, in a letter that he could share with the folks back home.

Democratic leaders have been dancing a gracious, deferential minuet.

"I personally think it would be extraordinarily difficult to get to the Gramm-Rudman targets without a combination of spending restraints and new revenues," said Representative Thomas S. Foley, the House majority leader. He was referring to the federal law, cosponsored by Senators Phil

Gramm and Warren R. Rudman, that requires a decline in the annual budget deficit, now about \$155 billion, to \$100 billion in fiscal year 1990.

"But I certainly don't want to preempt the president-elect's judgment about what he wants to pro-

posed, loyal opposition whose duty is to oppose."

There is probably more than statesmanship at work. Mr. Bush ran an exceptionally hard campaign, but it was essentially directed against Michael S. Dukakis, his opponent, and not against Congress, some Democrats note.

"The guy's a very professional public official who did not run his election against Congress the way Reagan did," said Senator John B. Breaux of Louisiana, the new chairman of the Democratic Senatorial Campaign Committee.

And Mr. Bush, unlike Mr. Dukakis or Mr. Reagan, is a child of Washington.

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political plot, and announced to Parliament that his government did not consider itself 'in the dock.'"

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Name-calling aside, there was no denying that a good deal of public money went astray. Mr. De Mita finally acknowledged, and he proposed that in the future special commissions be created to oversee disaster relief and to make sure that funds reach their intended destinations.

And that is where matters rest. Italian political commentators hold that Mr. De Mita has been roughed up politically but not enough to threaten his government immediately.

Meanwhile, these days, Rome is conspicuously quiet. There is a general sense of well-being and an aversion to boat-rocking.

Given that attitude, few were shocked when Mr. De Mita suggested that Irpinigate, while deplorable, was also inevitable. In Italy, he said with an air of resignation, there are always "attempts at crimes and profiteering jacks" after natural disasters.

CHINA: Racism Flares

(Continued from page 1)

where the weekend trouble began. are housed eight to a room. Some Chinese also appear upset when the African students, who are overwhelmingly male, date Chinese women.

American and European appear to arouse much less resentment.

The clashes began on Saturday, when Hebei University held a student dance, and officials at the door asked to see identification cards. Xinhua reported that two African students refused to show identification, and that after a dispute other African students began attacking Chinese with iron bars, bottles and rocks.

There were conflicting stories about responsibility for the beginning of the fighting. In any case, the dispute degenerated into stone-throwing and fist-fighting that lasted about seven hours, an American student said.

Officials said that 11 Chinese employees of the university were injured, one seriously, and two Africans were slightly injured in the melee.

On Sunday afternoon, a crowd of Chinese gathered again. According to the official report, they marched through the streets chanting "Punish assassins!" According to two American students, they also attacked the African students' dormitories, destroying television sets, furniture and other property. Some people were injured, an American student said, but it was not clear how many or how serious.

In January last year, 300 African students in Beijing marched to the Moroccan Embassy, demanding to be sent home, and refused to leave until promised better treatment.

Italian Quake of 1980 Reverberates With Greed and Political Cynicism

By Clyde Haberman
New York Times Service

ROME — In this season, when much of the world is sharing Armenia's agony, Italians have been distracted by the reverberations from an earthquake of their own.

There is a sort of tale, pocked with allegations of mismanagement, incompetence and greed, and laced with a liberal dose of political ill will. Some people say they are outraged. Many more seem amused or simply resigned.

No matter how they may personally react, Italians in general have recently withstood a bombardment of diatribes about earthquake-related corruption.

The earthquake at issue occurred in November 1980, rocking mountain hamlets in a region southeast of Naples called Irpinia. Although the quake was no match for the one that has devastated Armenia, it was bad enough. More than 2,700 people died, and dozens of villages were devastated.

Irpinia desperately needed government help, and since 1980, it has received it by the barrelful. Money has poured in for reconstruction and long-delayed economic development.

The problem is that accounting procedures have been slipshod, and no one is able to say exactly how much was spent. Publicly quoted figures have gone up and down like rockets, ranging from \$7 billion to \$32 billion. The latest government estimate is \$33 billion, give or take a couple of billion.

Worse yet, no one knows where all the money went. If even a fraction of the allegations are accurate, earthquake victims were minor shareholders in this public largesse. Thousands of others apparently

prospered, including contractors, engineers, local politicians, their friends and even members of the Camorra, the Neapolitan Mafia.

In imitation of the U.S. habit of naming scandals by tacking on the suffix "gate," the Italian press and the political opposition began to talk about "Irpinigate."

Many of their charges took dead aim at Prime Minister Ciriaco De Mita, who has been running the government for only the last eight months but who seemed a reasonable target nonetheless to many Italians because (1) he is there, and (2) he and his family come from the disaster area and own a tiny part of a local bank, the Banco Popolare dell'Irpinia.

Over the last eight years, Banco Popolare's deposits have grown 15 times in value. No one has demonstrated that this was the result of untoward behavior rather than a sudden influx of public funds into the depressed region. Yet, the implications were fairly obvious, and the opposition, hoping to weaken the government, pressed the notion that the prime minister had benefited from Irpinia's misery.

The uproar was enough to force the resignation of a close De Mita aide, and there are now plans for inquiries.

But the prime minister slugged back. He said he was the victim of a

political plot, and announced to Parliament that his government did not consider itself "in the dock."

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Time Down to Earth at Last

The Associated Press

NEW YORK — Time magazine has named the "endangered Earth" as "Planet of the Year," departing from its annual "Man of the Year" designation to call for "a universal crusade to save the planet."

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Herald Tribune

Published With The New York Times and The Washington Post

The Coldest Hands

In poor countries the debt crisis has a child's face. When income sinks, it is not usually defense spending that suffers but health and education. A decade ago a net \$40 billion flowed from the richer north to the south; now the flow goes the other way to the tune of at least \$20 billion.

So reports UNICEF, the United Nations Children's Fund. Its annual report, "The State of the World's Children," is among the most poignant of official documents. It tells how, to cite one example, infant mortality has risen again since 1982 in most Brazilian regions, most sharply in the impoverished northeast and north. The poignancy arises because inexpensive means exist for reducing dehydration, long the biggest killer, and for immunizing against common diseases.

UNICEF and its able executive director, James Grant, make the case that money devoted to nutrition, primary health care, education, safe water and sanitation could eradicate the worst aspects of world poverty in little more than a decade—at a cost of

less than half of 1 percent of the world's \$13 trillion annual output.

A good measure of the progress of the poor is the survival rate of children under 5. China, Costa Rica, South Korea and Sri Lanka, for instance, have juggled debts and limited resources so that they rank far ahead of countries with up to five times more per capita wealth, like South Africa.

Through cogent arguments and practical programs, UNICEF has opened purses in the U.S. Congress, which has voted \$60 million in funding, with more due for special projects. But this year's report has a different, more alarming thrust. UNICEF fears that the gains of a decade will be washed away by a debt crisis whose least visible victims are the children of the poor. What is involved is not just generous support of a worthy agency, but halting a debt-driven slide into poverty. The coldest hands in the cradle are those of bankers and officials bereft of heart and imagination as this crisis deepens.

—THE NEW YORK TIMES

Crocker Stuck With It

Chester Crocker, the Reagan administration's man for Africa, hung in for eight years, never losing confidence in his audacious design, dealing with some of the most difficult actors on the international scene, absorbing repeated attacks from the flanks. As a result the United States has a striking diplomatic achievement in southern Africa—perhaps the last region where any achievement of any sort might have been expected from this administration.

If all goes well, in its narrow terms the agreement delivers independence to South Africa's longtime colony of Namibia, ushers out the Cuban forces that the Marxist-orientated MPLA government of Angola summoned to its defense 13 years ago, and points toward a political settlement within Angola. In its broad terms it establishes the United States as the arbiter of peace in a racially torn, politically important region. In its most promising potential, it promotes the sort of relaxation that is good not only for regional cooperation but for South African internal reform as well.

Skeptics to his left said Mr. Crocker's strategy—getting South Africa out of Namibia by getting Cuba out of Angola—was unjust, pigheaded and unworkable. When the administration took the questionable next step of starting to aid Angola's UNITA insurgents, that seemed to many to ensure that the Cubans would stay—and therefore that the South Africans would stay, too. But mutual extension, and Mikhail Gorbachev's decision to lighten the Soviet load, produced

general readiness for a settlement. The indispensable Mr. Crocker, who had come up with his idea for one in a magazine article in 1980, was there to fit the pieces together.

Skeptics of the right now cry that he has sold out Angola's insurgents. But the MPLA's Cuban guard is retreating, U.S. (but not South African) aid to Josep Sembe's UNITA continues and other African states are mending the two Angolan factions to coexist.

Mr. Crocker imagined "constructive engagement" as a comprehensive policy for dealing with all of southern Africa, not just as the use of persuasion and understanding rather than pressure to induce change in white-ruled South Africa alone. As black rage against apartheid rose, the uncertain way the Reagan administration applied the policy to Pretoria made it seem to many Americans like too much understanding and of the wrong kind and not enough pressure.

The result of all this was that the policy, at least by name, was discredited, and this in turn was misleading. Whatever its misadventures and shortcomings in respect to internal South African affairs, it is precisely with "constructive engagement" that Washington has encouraged South Africa to stop intimidating its black-ruled neighbors, and otherwise has made the United States more useful to the whole region's well-being.

The Bush administration is going to have to find its own tone, its own levers. It will be able to build on the splendid contribution of Chester Crocker.

—THE WASHINGTON POST

An Environmentalist

George Bush insisted during the presidential campaign that he was an environmentalist. Skeptics saw little proof in his record. But his word may be easier to accept now that he has nominated William Reilly to head the Environmental Protection Agency.

Mr. Bush packaged the EPA job with his choice of Manuel Lujan, a New Mexico Republican, as secretary of the interior. Representative Lujan's environmental credentials are far less strong. But together the two nominees promise more than environmentalists have been used to under Ronald Reagan.

Mr. Reilly is a lawyer who has devoted his career to protecting the environment. He is president of the World Wildlife Fund and of the Conservation Foundation, a research group respected for careful views and undogmatic reports. When efforts to clean up abandoned toxic dumps bogged down in litigation, he helped break the impasse by founding Clean Sites, a group that mediates cleanup settlements between polluters and the government.

Mr. Reilly has long been interested in pollution problems abroad, and is well prepared to address issues of international reach, like the greenhouse effect and the threat to the ozone layer. "The country faces an array of environmental effects even more daunting than pollution crises of the past generation," he wrote in his founda-

tion's latest "State of the Environment" report. He will now have a well-earned chance to frame the solutions.

Lee Thomas has administered the EPA with distinction. Within the limits set by the White House, he made notable strides rebuilding the agency from the ruins left by Anne Burford. His successes include banning uses of asbestos and helping secure the international treaty to protect the ozone layer.

Republicans are heirs to two traditions which often compete. Theodore Roosevelt and Gifford Pinchot expressed the Eastern establishment's noblest oblige commitment to protecting the environment. Mr. Reagan embodied the Western enterprises who put development first. But his appointees, Mrs. Burford at EPA and James Watt at Interior, wrenched their agencies full tilt toward exploiting the environment, leaving an indelible blot on Mr. Reagan's record.

Mr. Bush has shown greater care and sensitivity in blending the two traditions. Mr. Lujan, formerly senior Republican on the House Interior Committee, has voted in favor of development projects like oil drilling in the Arctic wilderness. Yet there is no sign that he shares the extremism of Reagan appointees like Mr. Watt. By picking him and Mr. Reilly, Mr. Bush has made a sound start on keeping his environmental promises.

—THE NEW YORK TIMES

Other Comment

A Blow to Nonproliferation

In the twilight of his term, President Reagan has dealt a blow to efforts to prevent the spread of nuclear weapons. He has issued an executive order that opens the way to convert U.S. civilian power plants into factories producing nuclear bomb material. This squanders any leverage the United States might have had to dissuade other nations from doing the same. Under the new wording, "any occurrence...including technological emergency" could be used as a pretext for commencing civilian power plants.

—The Boston Globe

For a Global War on Drugs

Governments worldwide have awakened to the dangers of the flow of illegal drugs. In Vienna, 43 nations recently signed a United Nations convention which requires them to deal more harshly with the drug menace. This includes the enactment of laws which would allow governments to freeze or seize the bank accounts or property of suspected traffickers. The signatories also undertake

not to hinder probes into the assets of international drug syndicates, to extradite suspects and to curb the cultivation of drug-producing plants in their countries. More governments are expected to sign.

The determination to combat the drug menace comes not only from its spread but also from a recognition that drug trafficking has become more sophisticated. With the new convention, the international campaign against drugs is being taken one step further. Governments are hitting the drug barons where they turn—into their pockets. If implemented, the convention should also put a stop to the activities of certain banks which have helped drug syndicates to conceal their ill-gotten profits.

The new convention may be worth no more than the paper on which it is signed. The document is subject to local laws, meaning that signatory countries can run away from fulfilling their obligations. But if the remaining havens for drug dealers are to be wiped out, and the lives of many saved from the debilitating effects of drugs, the will to serve a common cause must prevail.

—The Straits Times (Singapore)

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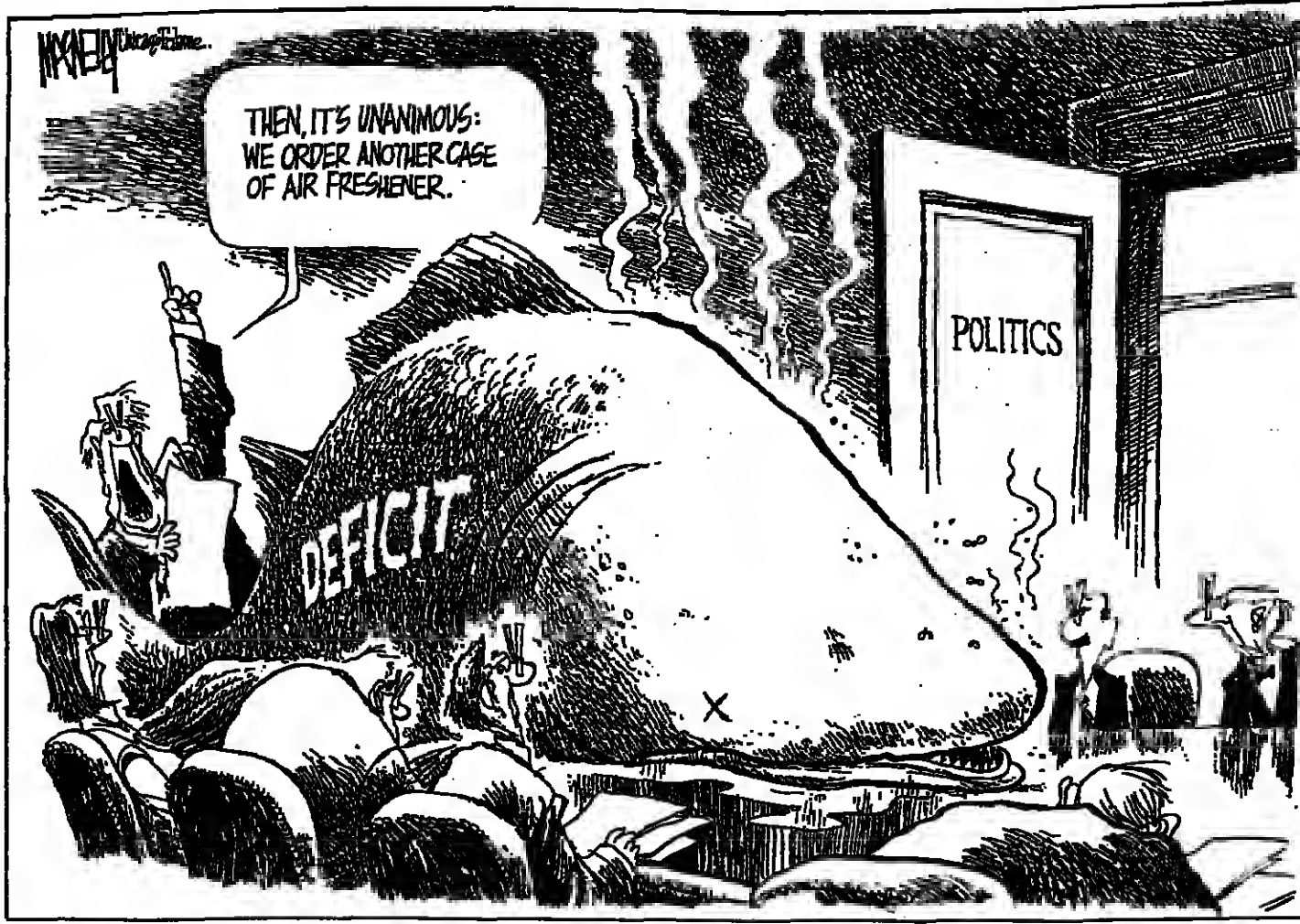
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OPINION



If the Cold War Is Over, Foreign Policy Is Freed

By Dimitri K. Simes

WASHINGTON—Mikhail Gorbachev's bold appeal to reshape the world order requires the United States to review its foreign policy. For more than 40 years, America's international strategy has been subordinated to one overriding concern: deterring Soviet global designs against the West. But now the Soviet Union is declaring that the idea of an irreconcilable class conflict between capitalist and socialist nations is obsolete.

Mr. Gorbachev leaves American diplomacy with no choice but to adjust to the new international environment or be constantly outmaneuvered by

For decades, America has felt obliged to support all kinds of unsavory regimes, left and right, out of fear that the Soviet Union would fill any power vacuum.

Moscow. After all, when an ally as reliable and hard-nosed as Margaret Thatcher talks about an end to the Cold War, a one-dimensional fixation on the East-West rivalry is no longer a credible option.

Moreover, there may be sizable advantages to exploring the Kremlin's opening, uncertain as it may be, in order to liberate American foreign policy from the straitjacket imposed by superpower hostility.

The Cold War brought clarity in adversity. The disintegration of the comforting international discipline associated with the Cold War leads to a new global environment—less rigid but more uncertain.

For America, the trade-off for the erosion in clarity is the opportunity to address a number of pressing national security challenges that could not be given priority amid rigid superpower politics.

Three challenges are urgent. The first is restructuring America's defense forces and its contributions to the alliance so as to promote fairer burden sharing without damaging American security interests.

The second is ending the manipulation of America by Third World states, which have ex-

ploited Soviet-American animosity to get greater assistance from both superpowers.

The third is gaining a greater latitude for unilateral uses of America's power against those who consider its interests easy prey.

Currently, more than 70 percent of America's defense budget is devoted to the least likely, even if the most ominous, threat to security: full-scale Soviet aggression against the West.

Statements by NATO leaders as well as West European opinion polls strongly suggest that America's allies are even more optimistic about Mr. Gorbachev's intentions than America is. As a result, European friends do not feel obliged to accept a greater share of the mutual defense burden. In fact, a number of them are beginning to feel that America's presence is not so much a generous protection against the common enemy as an increasingly unwelcome imposition on their sovereignty.

Thus, a gap is growing between the mounting costs of the American contribution to NATO and its declining political and military returns.

In addition, America's commitment to the defense of Western Europe comes at the expense of other pressing military priorities. For example, its Persian Gulf tanker-protection operation demonstrated a shortage of mine sweepers. Moreover, the United States does not have sufficient long-range capabilities for air and naval force projection. This is particularly crucial now. As the example of Libya shows, no West European ally, with the exception of Britain, seems prepared to allow the use of American bases on their territory to launch overseas military operations.

The apparent decline in the Soviet threat allows America, through a combination of arms control, arrangements with the allies and unilateral steps, to make its military structure more responsive to the evolving global environment.

Downplaying the rivalry with Moscow may also put the United States in a strong position to resist unwarranted Third World demands for assistance.

Too many underdeveloped countries self-righteously insist that receiving aid is their God-given right rather than a manifestation of American gener-

osity. Their favorite instrument in pressuring Washington has been to raise the specter of having closer ties to the Soviet Union. But today Moscow has limited enthusiasm for Third World assistance-seekers.

Additional costly commitments that the Kremlin might undertake should not cause much worry, so long as they do not come at the expense of basic U.S. security and economic interests. Already overburdened with numerous radical left-wing basket cases masquerading as allies, the Soviet empire would not be strengthened by such commitments.

For its part, America has for decades felt obliged to support all kinds of unsavory regimes, left and right, out of fear that the Soviet Union would fill any power vacuum. However, Moscow's current sense of overextension reduces the weight of the Soviet factor in evaluating aid requests from the Third World. Paradoxically, the Soviet-American rapprochement makes military power more useful as a U.S. foreign policy instrument.

In the 1979-80 crisis, when Iran held Americans hostage, the Kremlin was very much an invisible presence during the Carter administration's deliberations about feasible military retaliation. Removing the constant concern about Soviet counteraction would permit Washington greater reliance on military force in a crisis.

Those who contemplate challenging important American interests might think twice if America's hands were relatively untied. For example, the 1973 oil embargo probably would not have taken place without the Arabs' widespread perception that America would not dare to respond militarily out of fear of triggering Soviet counterintervention.

Then, too, the Sandinistas and their Cuban sponsors would be bound to become a little nervous over Mr. Gorbachev's potential reaction if America finally lost patience with their mischief.

In sum, Mr. Gorbachev's initiatives mean that the United States can end its single-minded obsession with the Soviet Union as a target or a partner. An assertive and dynamically pragmatic foreign policy might well serve America best in the 1990s, beginning in the Bush administration.

The writer is senior associate at the Carnegie Endowment for International Peace. He contributed this comment to The New York Times.

Gorbachev Should Be Grateful to the Dissidents

By Anthony Lewis

BOSTON—Recent years have seen an extraordinary development in world affairs, one largely unanticipated. That is the growth and acceptance of human rights as an international standard for the behavior of governments.

The idea has become so much a part of our outlook that we forget how novel it is. Not so long ago the Soviet Union insisted that the way it treated its citizens was none of the world's business. Tyrannies of the right took the same position. And the U.S. government was reluctant to make human rights a consistent thread in its diplomacy.

President Reagan, taking office in 1981, nominated as assistant secretary of state for human rights a man who did not believe in his job. Ernest

Lefever said: "The U.S. government has no responsibility—and certainly no authority—to promote human rights in other sovereign states." He wanted to denounce Communist cruelties but not those carried out by "friendly" governments.

Today no U.S. president would denigrate the role of human rights. The State Department may occasionally take a more hopeful view of trends in a regime that the United States supports, but there is no challenge to the principle that basic rights are indivisible. Torture, arbitrary imprisonment and killing by the state are unacceptable everywhere.

The most dramatic developments have come in Mikhail Gorbachev's

Soviet Union. Who could have guessed that a Soviet leader would stand before the United Nations and call for enforcement of human rights agreements by the world? That hundreds of Soviet political prisoners would be released? That Andrei Sakharov would be able to speak out in Moscow and New York against policies of his government?

Of course, utopia has not arrived, in the Soviet Union or elsewhere. Soviet labor camps still hold people condemned for their religious or political beliefs and expression. Laws remain on the books that allow criminal punishment of dissenters and forced confinement in psychiatric hospitals. Worse repression continues in some countries of Eastern Europe, notably Romania and Czechoslovakia.

Elsewhere in the world there are unspeakable horrors. Amnesty International reported recently that there has been a wave of political executions in Iran, with 300 deaths confirmed and the total probably running into the thousands. Amnesty also described the case of Mr. and Mrs. Abdullah Fatah, who went mad after Iraqi torturers put his head in a hood filled with flying ants.

In China, the leading figure in the Democracy Wall movement of the 1970s, Wei Jingsheng, is serving a 15-year sentence for writing his political views. In Israel, thousands of Palestinians are held without trial in oppressive conditions at a desert camp.

What has changed is that the world notices such cruelties. It has become more difficult for governments to carry them out in silence, in secret.

That is a profound change. Governments on the whole do not like international attention focused on their violations of human rights. To avoid it they may moderate their harshness. There were striking examples just now in South Africa.

The government released two detainees who were about to get international recognition. Zwickelke Sissu, a prominent black newspaper editor, had been held without trial for nearly two years. He was freed just before former President Jimmy Carter presented a human rights award to his whole family.

Janet Cherny, a white woman who has worked for adult literacy and other programs to help the black majority, was let out of prison just before she was to get a Robeson human rights award. Both she and Mr. Sissu were placed and remain under crippling restrictions that keep them from doing their work. These are less noticeable abroad than prison without trial.

Credit for arousing the world's attention to state brutality goes first to brave individuals in oppressive societies. They came forward to monitor governments and tell the world: the Helsinki watch group in the U.S.S.R., Black Sash in South Africa, Al Haq in the occupied West Bank and Gaza.

Today their work is amplified by American private organizations such as Human Rights Watch and the Lawyers Committee for Human Rights. But from El Salvador to Singapore, individual courage is on the line. Many of the human rights monitors have been jailed, tortured, killed.

Why do they do it? They have the vision of a decent society.

Vazir Melmanov was imprisoned in 1980 for demonstrating on behalf of Andrei Sakharov. A few weeks ago he was released. A reporter asked if he was grateful to Mr. Gorbachev. He answered: "No, I think he should be grateful to me. It was the positions adopted by dissidents like me that helped to bring a new generation of Soviet politicians to power."

The New York Times

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100, 75 AND 50 YEARS AGO

1888: Foreign Actors

NEW YORK—The movement to exclude foreign actors has received what is likely to be its death blow by the public announcement made by Mr. Joseph Jefferson and Mr. W. J. Florence that they not only have no sympathy with but are strongly opposed to it. Mr. Jefferson says that his name was connected with it by accident and that he considers the movement unwelcome. Mr. Florence says: "If the American actor is not competent to hold his own against the competition of foreigners he had better go to the wall and hide his head."

1913: An Islands Fund?

CONSTANTINOPLE—The Turkish government has reserved out of the loan from the Bank Parier a sum of 25,000,000 French francs which it refuses to allow the Minister of Finance to enter in the ordinary government accounts. It is believed that the Committee of Union and Pro-

The Five Performed A Service

By Jim Hoagland

PARIS—I sometimes wonder why "self-hating" Jews bother. Enough hatred seems to come their way from others to save them that trouble.

The "self-hating" insult has not yet been hinted publicly at the five American Jews who went to Stockholm to help coax peaceful noises out of a Mr. Y. Arafat, whose last known address is Baghdad, Iraq. But there is a troubling harshness in the vituperation that is beginning to rain down on them.

The Jews' Jesse Jackson, George F. Will writes in The Washington Post of group leader Rita Hanser (not a plaudin, I think). "Well meaning," says Ben Halpern in the Los Angeles Times, a run-up phrase you use only for people you are about to kneecap.

The group was "used as a cat's paw" in an effort "to predetermine Israel's political future behind Israel's back," adds Mr. Halpern, professor emeritus of Near East studies at Brandeis University. He then appeals to American Jews not to play "matchmaker" between Israel and the PLO.

Mr. Halpern, Mr. Will and other commentators are ostensibly raising the issue of citizens' diplomacy, a question well worth stirring. Amateurs jumping into the middle of thorny diplomatic thickets usually do more harm than good. Some of the dangers of private citizens trying to run foreign policy intrigues are in fact about as obvious as the olive branch/iron-contrail.

But what really bothers these writers about the actions of Rita Hanser, publisher Stanley Sheinbaum and the others in Stockholm is not that they were sending wrong signals about U.S. intentions or subverting U.S. policy. The problem seems to be that these American Jews were cooperating with the U.S. government in carrying out official U.S. policy, i.e., in getting Mr. Arafat to recognize Israel and renounce terrorism.

It is the substance of that policy that causes the grief to Israel's government and to others. And a part of that grief is understandable.

Mr. Arafat's promises are as solid as cotton candy. His "moderation" and his sensitivity to the healing that must be accomplished for there to be peace between Israel and the Palestinians were demonstrated by his onward travels from Stockholm. He went straight to the Stalinist enclave of East Berlin and then continued on to a meeting and photo opportunity with a Mr. K. Waldheim of Vienna, a forgetful former clerk in Hitler's army.

But on the whole it is better to have Mr. Arafat make these reluctant promises than not. It forces the Palestinian movement to become more realistic about accepting Israel. It knocks down any fictitious justification that Arab states might try to raise now for not dealing directly with Israel. It requires new thinking on the part of Israel, but not only Israel, about ways to end the occupation of the West Bank and Gaza. And if Mr. Arafat reneges, it is the PLO that will pay the heaviest political price.

American Jews who have shown understanding of the Palestinian cause, or who have questioned Israeli policy in Lebanon or elsewhere, have been routinely castigated as "self-hating" by those who believe that dissent undermines Israel. But such insults may be losing their coercive force. The creative and independent involvement of American Jews in the Middle East in recent months suggests that they are becoming an important catalyst for positive change in the region.

The Hausner group is one example. So is the work done by Jerome Segal, a University of Maryland research scholar, in urging West Bank Palestinians to shape a distinctive, peaceful coexistence with Israel. Even more significant is the sharp and open reaction by American Jews to the concessions that Prime Minister Yitzhak Shamir had agreed to make to ultra-orthodox religious groups to form a "narrow" government coalition.

Mr. Shamir hesitated to complete the deal because of the American Jewish reaction. When the Reagan administration pulled the Arafat rabbit out of the Stockholm hat, Mr. Shamir backed out on the ultra-orthodox parties and patched together an emergency coalition with the Labor Party to prevent a full-blown crisis from erupting with the United States.

American Jews as a community have a unique relationship with Israel. They are respected and generally trusted by a people whose tragic history conditions them to trust no one. They can speak softly and be heard. Asking American Jews to butt out of the Middle East just as a fragile peace blooms is a myopic reaction. Agreeing to do so would be a historic error.

The Washington Post

100, 75 AND 50 YEARS AGO

gress wants to employ this sum in an effort to recover the Aegean Islands which were captured by Greece in the recent war.

1938: For a Coalition

PARIS—A coalition between the United States, Great Britain, France and Soviet Russia was advocated by the former Premier Leon Blum yesterday (Dec. 26) in a speech before the French Socialist Congress at Montreux, Paris suburb, as the sole means of preventing the totalitarian states—Germany and Italy—from obtaining domination of the world. France, declared the Socialist leader, should act as the link to bring together the democratic Anglo-Saxon powers in a common bloc with the Soviet Union. Mr. Blum denied that this combination would be an ideological bloc. There was only one such grouping in the world, he said, and that was the Rome-Berlin axis, which was founded on the principle of the struggle against communism.

OPINION

Take It From This Insider: Moscow's Circus Is Better

By William Safire

MOSCOW—All my old friends in Washington are wondering why it was that I fell from power and then—just as suddenly—have been reinstated as foreign policy adviser to President (former Comrade) Gorbachev.

Unlike Gorbachev in the party, Gorbachev in the army and Gorbachev in the KGB, I was never a member of the Andropov Circle.

When I came home after two decades as ambassador to Washington, Gorbachev said, "Be my adviser, Anatoli Dobrynin!" He saw me as a useful alternative to Gromyko and the old Brezhnev foreign policy crowd. But I was never personally trusted until three months ago.

That was when Ligachev made his tactical mistake. He assumed I was angry at being pushed aside by Shevardnadze (who has not a tenth of my experience) and sought my support in putting a stop to the New Thinking.

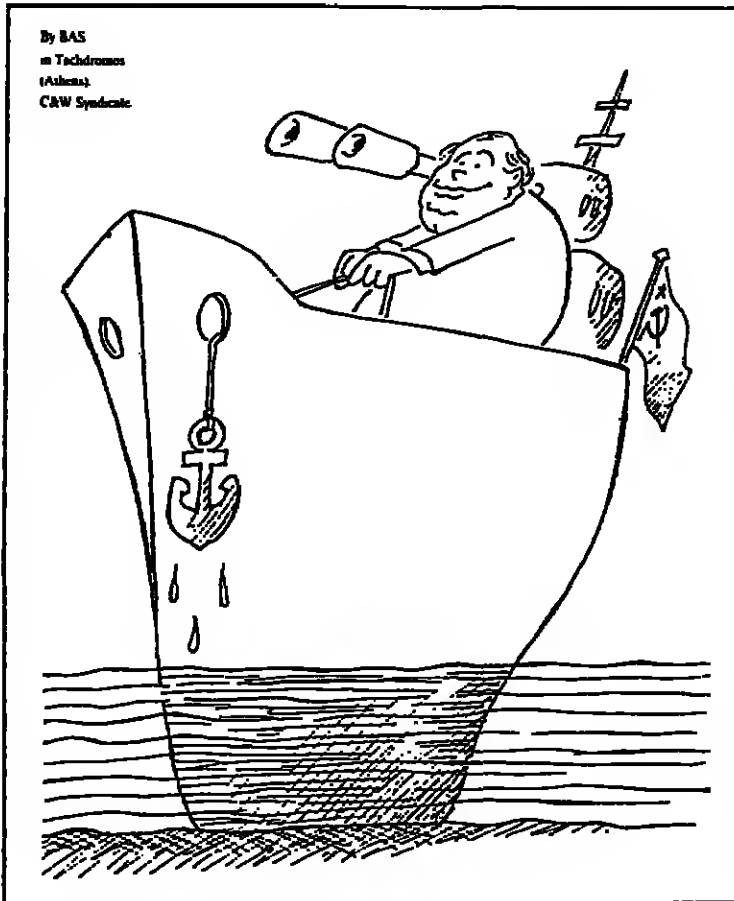
He said a coup was organized by the party apparat. He claimed the backing not only of Gorbachev at the KGB but also of the Red Army's chief of staff, Marshal Akhromyev, who was furious at the prospect of a cut of a million troops (reduced to half a million at the last minute). I was offered the Foreign Ministry.

That was when I built my bridge to Mikhail Sergeyevich. A few of us personally warned him of the plot to demote him to an economics post at Novosibirsk. He reacted swiftly, sending Lev Zaikov, his Moscow party chief, to Defense Minister Yazov.

Overnight, two divisions of troops—commanded by the generals and colonels who had served under Yazov in the Far East—were moved to the outskirts of Moscow. The coup was aborted.

That led to the Sept. 26 Gorbachev counter-coup. The West noticed the demotion to agriculture of Ligachev, but the reshuffling of positions within the party was only part of it.

For three years, Gorbachev had been



By BAS
in Tachikoma
(Athena)
CWA Syndicate

Not Raised to Be Pregnant Unwed

By Frances Upchurch

SPARTANBURG, South Carolina—She was young, barely 15. Reared in the bosom of a loving but protective family, she was innocent in the ways of the world. She had never spent a Saturday shopping with friends, never spent a Sunday swimming at a lake.

Her dress was closely circumscribed, as was her behavior. Slender parties and sock hops were not a part of her life. Dates were not allowed.

But if she had resentments, she never complained. She seemed to accept her life, doing her best to emulate her mother's examples in virtue.

One suspects that neighbors, who tend to do such things, frequently praised her, holding her up as a model to teen-age daughters who might have been less compliant.

Quiet. Devout. Dutiful.

Surely not the kind to become a statistic: another unwed, pregnant teen.

But she did.

Disinformed, her parents bombarded her with questions: Where had they, and she, gone wrong? They hadn't, she said. When they demanded the name of the man involved, they met a stone wall, the first they had ever encountered from her. She refused to name any man.

Defeated, they decided on a course of action: To preserve family honor and their daughter's good name, they would ask a friend to marry her. He was older—more of their generation than hers—and could be depended upon to keep

they had been married and talk so openly about an "early" baby.

Their hopes were dashed. Caught on the road, in a seasonal crush of travelers, she went into labor. The town had no hospital; no doctor was near. The man who had come to her rescue with marriage would also have to see her through childbirth. Not for him the relative anonymity of a father's waiting room, the freedom to turn his back on her pain.

Alone, they brought her son into the world in conditions that would have made her mother cry with shame—not because of her daughter, but for her.

And word got out. No matter that they were strangers in a strange town. No matter that they would just as soon not have been the objects of scrutiny.

People talked, and people came. Rich people, poor people. And they brought gifts.

Touched by the couple's obvious plight, they asked no questions but did what they could, offered what they had. And the mother smilingly accepted it.

Life would get better, she knew. She also expected it to get worse.

But miracles would happen, too. The first one already had: that anybody had believed her story at all.

Her name was Mary. She was a virgin.

The writer is life-style editor of the Spartanburg Herald-Journal. This essay was distributed by The New York Times News Service.

LETTERS TO THE EDITOR

Officers in the Wings

FOR the moment, Mr. Gorbachev appears to have solidified his grip over the armed forces. Insofar as he can make that achievement stick and carry off the troop cuts he announced in New York, it bodes well for a productive conventional arms control dialogue with the Bush administration. It is doubtful, however, that he has succeeded in co-opting the military. More likely he has planted the seeds of ill will among many sections of the officer corps, whose leaders have fallen back on sullen acceptance and a quiet taking of names against any future chance to settle scores should Mr. Gorbachev's political fortunes begin to falter.

—Benjamin S. Lambeth, of the Rand Corporation's National Defense Research Institute, in the Los Angeles Times.

What Signal at USIA?

George F. Will, in "Gorbachev's Fine Slogans Leave Out a Key Word" (Dec. 15), observes that the right choice for head of the United States Information Agency could be an important signal in favor of "nationalist articulation in Eastern Europe." He suggests Jeanne Kirkpatrick for the job.

Mrs. Kirkpatrick would be a very questionable candidate. She has urged the U.S. government to distinguish between regimes which are "totalitarian" (i.e., Communist) and regimes which are "authoritarian" (such as Nicaragua under Anastasio Somoza or Haiti under Jean-Claude Duvalier). She sees the former as nothing less than intolerable, whereas the latter are somehow only regrettable.

There are persons living under authoritarian regimes who might find this distinction a bit legalistic. Mrs. Kirkpatrick's ardent defense of it ought to be sufficient to disqualify her from any highly visible foreign policy post. To appoint her head of the USIA would indeed be a signal, but the wrong one.

ROLF HAMBURGER
Neuilly-sur-Seine, France.

Prague's Comrade Scrooge

In response to "Tis No Season to Be an East Bloc Shopper in Czechoslovakia" (Dec. 7) by John Tagliabue:

My wife and I spent four days in Prague not long ago and returned to the West thinking that the Czechoslovak government had served its citizens well with the new export restrictions and had little choice but to impose them.

Mr. Tagliabue began his article by saying that "Comrade Scrooge" had showed up in Czechoslovakia. The Voice of America said that the restrictions demonstrated the failure of East bloc economics. Both opinions may be valid, but they give a poor picture of the reality.

We found shops and department stores surprisingly well stocked, and crowded with shoppers finding most of what they wanted. Lines for shopping carts in the larger markets and for high-quality produce at the small private stands were long, but other lines—except for the silly three-line pick-up, pay and pick-up system—were little worse than here in the West.

We have friends in East Berlin and Karl-Marx-Stadt who looked forward to their trips to Czechoslovakia so they could buy the things they could not get at home. It may have been a failure of East bloc economics, but in the same way that the failure of Western economics is demonstrated by affluent Mexicans shopping in San Diego and Dallas. It does not demonstrate a failure of Czech economics, but rather a success.

Neither the Voice of America nor Mr. Tagliabue mentioned the Western-

ers flocking to Prague, exchanging currency on the black market and bringing home crystal, jewelry, records and other high-quality products at one-sixth their price in the West.

A government's first responsibility is to its own citizens. The pre-restriction rules were great for us in the West, and for many East bloc citizens, but a marketplace freedom that was of little benefit to the people of Czechoslovakia.

PETE HENAUULT
Bad Tölz, West Germany.

Teach Them Not to Point

Regarding "Attila at the Peace Demonstration" (Meanwhile, Dec. 15):

As a pacifist who has owned and used guns for sport since I was 12 years old, I was shocked by the flippant attitude displayed by Meredith Tax. I was taught that one should never point any weapon, real or toy, at another person.

The reason for this became painfully obvious to me when I was shot in the hand by a BB gun. I still bear the scar from this 25 years later. So, yes, let's teach our children the difference between fantasy and reality. But let's also teach them not to point weapons at people. The armies of the world will do their job of teaching them when and how to do that.

PAUL J. BOLLER
Zurich, Switzerland.

Kenyon College's Outsiders

Regarding "When Outsiders Give College Exams" (American Topics, Nov. 23):

Oberlin isn't the only college in Ohio to use outside examiners. As a former faculty member at Kenyon College, I can attest that they also used at that liberal arts college for honors students in all academic departments. This is a much debated yet respected characteristic of Kenyon College, and one of which its faculty is very proud.

FRANCISCO BATAILLER M.
Waterloo, Belgium.

Blood-Chilling Delays

The literal meaning of *sang froid* came home to me when I read under the headline "Paris Metro Riders Grow Impatient" (Travel Update, Dec. 11) that during the subway strike "electricity on some lines had to be switched off for fear of people touching the live rail, causing further delays to trains." What about the possibility that people might lose their lives while doing so?

ELENA MELTZER
New York.

Mickey's Maker, Too

It is gratifying that Mickey Mouse is to be recognized by the United Nations

as "an emissary of goodwill to the world's children" (People, Nov. 3), but would it not be better to award a special Nobel prize to the late Walt Disney for all the joy and laughter his creation gave the world in the past sixty years?

J. B. S. MONTGOMERIE
Helensburgh, Scotland.

Writings on the Wall

Regarding the report "London Fights to Tame Its Spray-Can Artists" (Oct. 15):

One thing your excellent feature on the graffiti in London's subway brought forcibly home to me: We New Yorkers can be proud of the recovery of our public transport system. Compared to the unreliability, dirt, danger and high fares in London, the New York subways and buses are wonderful.

FRANCIS SCHWARZENBERGER
London.

I would advise Londoners and municipal service people the world over not to combat graffiti but to accommodate it. If special boards were made available for graffiti, and casual artists were urged to use them, cleaning costs would decrease. Everyone would be pleased: the artists, the authorities and the public.

AMOT KISCH
London.

GENERAL NEWS

Israeli Settlements Soar on West Bank

By Joel Brinkley
New York Times Service

ELI, Israeli-Occupied West Bank—The brightly colored road sign on the highway to Nablus says: "Come Visit Eli. We're Building!"

And up a dirt road, 20 Jewish families live in pleasant tract homes not much larger than trailers.

Twenty more settlers' homes are under construction, and 18 of those are already taken, said Hannah Avital, who has been on the settlement's new resident "absorption committee."

Even here, deep in the West Bank, she said, "We're not having any trouble attracting people. People are moving here because of the uprising."

With the Palestinian uprising in its second year, and Arabs throwing stones and firebombs at Jewish settlers' cars and buses every day, Jewish settlers are moving into new homes in the West Bank just as fast as they can be built.

And settler leaders believe that the U.S. decision to talk with the PLO will only increase the number of Jews moving to the West Bank.

"We are moving into high gear in our protests and efforts to attract people to come out here," said Yisrael Medad, an official of the Tebiya Party, which advocates increased settlement.

Mr. Medad, a settler himself, adds with reference to the West Bank region, "A Jewish presence in Judea and Samaria is the only way to prevent a Palestinian state."

Not even the killing of a West Bank settler by a Palestinian shepherd early this month seems likely to dissuade hard-line Israelis from moving to the territories.

If past examples are any indication, the death of the settler, Yisrael Farag, is likely to prompt even more Israelis to become settlers.

"Since the '30s, whenever a Jewish settler is assassinated, we have answered with more settlers," said Yisrael Harel, chairman of the Council of Jewish Settlements in Judea, Samaria and Gaza. "That is what will happen in this case."

An Arab who is close to the leadership of the Palestinian uprising said one big reason that the Palestinians continue to stone and firebomb cars is that they are facing "the problem of the settlers."

He continued, "We have to keep pressure up all the time because we want Israelis not to like living in the West Bank."

But Mr. Harel, using the Arab

views of the uprising, echoed the views of many thousand Israeli settlers when he said: "I think the *hufada* has had the opposite effect. It has made people more determined, more committed."

Commitment may not be the only reason; settlers get large government subsidies for the purchase prices of their homes.

But whatever the motivations, statistics suggest that Mr. Harel is correct. Since the uprising began, only 100 families have left the territories because of the violence. But 2,500 new families have moved in.

On taking over from the Labor Party leadership of Shimon Peres in 1986, the government of Prime Minister Yitzhak Shamir decided that the settlement program would be carried forward, though with a limit of six new settlements a year, as agreed to when the governing coalition with the Labor Party was created two years earlier.

One of the prickliest issues in the final days of the recent negotiations to form a new Israeli government was whether new settlements would be built over the next four years.

Mr. Shamir promised the Tebiya Party that Likud would authorize the building of 40 new settlements; the Labor Party wants none.

In the end, the two parties agreed that up to eight would be built, but the settlers doubt that they will get even eight.



At Eli, two Israeli children watch the construction of settlement.

Israel and Egypt Widen Peace Bid

The Associated Press

JERUSALEM—Prime Minister Yitzhak Shamir may ask the United States and the Soviet Union to sponsor talks for a Middle East settlement as part of a peace initiative, an aide said Monday.

But, the aide, Yossi Ahimier, said Mr. Shamir would set as a condition to such a proposal Moscow's renewing the diplomatic ties with Israel that were broken during the 1967 Middle East War.

Mr. Shamir's proposal comes as President Hosni Mubarak of Egypt reportedly is considering a trip to Israel to try to advance stalled peace efforts. Mr. Mubarak would be the first Arab leader to visit Israel since his predecessor, Anwar Sadat, did so in September 1979.

Mr. Shamir "would like to renew the link with Mubarak," Mr. Ahimier said. "This is a good time. The Arabs now have the feeling that

Shamir represents Israel and that if they want ties with us, the address is Yitzhak Shamir."

The Israeli ambassador in Cairo, Shimon Shamir, was meeting with Egyptian officials to determine whether a Mubarak visit was possible, said another spokesman for Prime Minister Shamir.

Thomas R. Pickering, the U.S. ambassador to Israel, said in Tel Aviv that such a summit meeting was "certainly something the U.S. would encourage and welcome."

He said the United States also was encouraged by Israeli efforts to come up with a new peace initiative despite government opposition to recent U.S. contacts with the PLO. "We welcome a general process on the part of the government of Israel in rethinking, reviewing and re-examining" the peace process, he said.

Border Clash

The army reported Monday that troops had killed three Arab gunmen in an overnight clash in southern Lebanon, just north of the Israeli border, Reuters reported.

An army statement said the clash took place outside the village of Mus a-Jabal, near the Israeli border kibbutz at Manara. Israeli forces suffered no casualties, according to the statement. Israel patrols a self-declared "security zone" north of the border.

In Beirut, the radical Palestinian Fatah-Revolutionary Command, led by Abu Nidal, said it had carried out an attack on "a Zionist settlement built over the ruins of the Arab Manara village."

It said its gunmen stormed an Israeli military barracks and killed several soldiers; an Israeli military spokesman denied the claim.

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INTERNATIONAL STOCK MARKETS

Foreigners Could Crowd Yen Bond Markets in 1989

By TATSUO ITOH

TOKYO — Abundant liquidity, attractive conditions and a desire for a high profile here will make more foreign financial institutions and government units issue yen bonds in Japan next year, according to underwriting and banking sources.

Debtors who have stayed away from Tokyo are gradually turning their eyes to the advantages of the Tokyo market, a manager at a major broker said.

Rising interest rates elsewhere have made borrowing costs in Japan look relatively cheap, the sources said.

Issues of yen-denominated bonds in Japan by nonresidents rose this calendar year, especially in October, because of the strength of the Japanese government bond market.

As of Dec. 23, nonresidents had issued a total of 741 billion yen (\$5.93 billion) in domestic bonds in 1988, up from 498 billion yen in all of 1987.

Private placement yen bonds in Japan by nonresidents accounted for 166.2 billion yen this year, more than double the 77.5 billion in 1987, underwriting sources said.

That compared with yen bond issues in the Euromarket totaling 1.8 trillion yen in the first 10 months of 1988, down from 2.9 trillion in all of 1987.

In 1989, the ratio of Euromarket yen bond issues to domestic yen bonds issued by foreigners should be about 2 to 1, compared with around 3 to 1 this year, one analyst at an underwriting firm said.

Thanks to a booming economy, Japanese institutions and individuals are flush with cash to invest. Despite the relatively low interest rates, they remain attracted to yen bonds for their strong price performance and because the underlying strength of the yen minimizes foreign exchange risks, banking sources said.

In Japan, even in private-placement bond issues, the demand for bonds and the desire of lead underwriters to give everyone a piece of the action is such that new issues can often have as many as 20 co-underwriters.

Foreigners want to be visible to Japanese investors on their home turf.

Japanese Car Curbs Said to End Soon

Automakers Say Yen's Sharp Rise Has Cut Need for Official Controls

By Doron P. Levin

DETROIT — Despite a large automotive trade surplus favoring Japan, there are signs that the voluntary agreements that have restrained Japanese car exports to the United States for the last eight years may end soon.

The decision is not expected to be announced until February, but reports have appeared in the Japanese press in the last two months saying that the Ministry of International Trade and Industry is considering dropping the restraints, which expire on April 1.

The Automobile Manufacturers Association of Japan has pressed its call for an end to the restraints, pointing to the rebound of U.S. car manufacturers since the early 1980s.

"The restraints have outlived their usefulness," said a U.S.-based executive of a Japanese car manufacturer. "Who's kidding whom? The restraints have caused consumers to pay higher prices."

The U.S. government, which is not a party to the restraint agreement between Japan and its automotive manufacturers, maintains a neutral position on restraints, said a Commerce Department spokesman.

On Dec. 12, the Japanese government announced a 37.9 percent increase in the dollar value of its monthly trade surplus with the United States, bolstered by a 16.6 percent increase in the automotive trade surplus.

The trade numbers, however, do not measure the actual number of Japanese cars imported, which has declined.

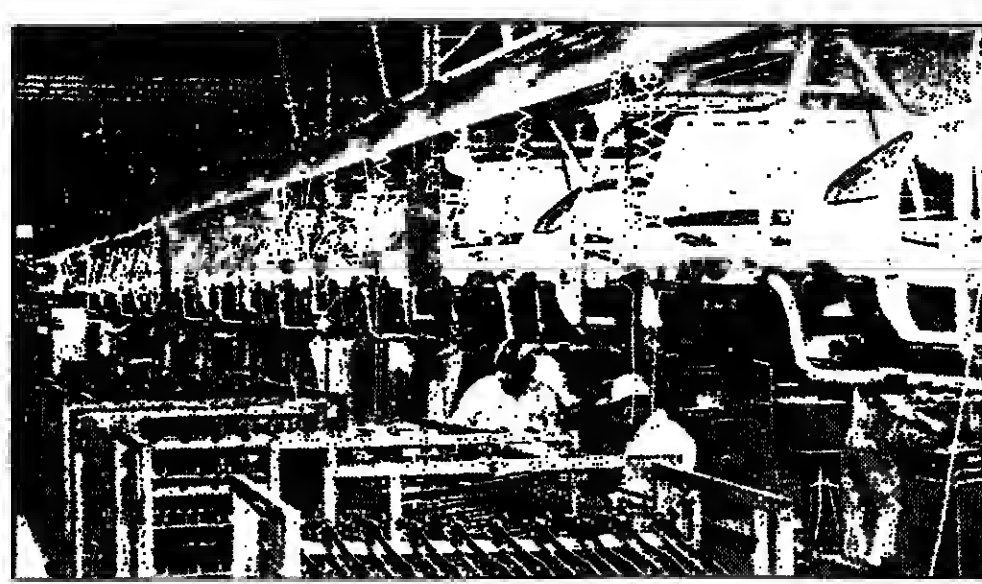
Economists say the dollar figure of the trade surplus is higher because of currency fluctuations, higher prices for Japanese cars and the growing volume of automotive merchandise that is not counted in car shipments.

An economist for one of the Big Three U.S. manufacturers, who declined to be identified, said that Japanese cars assembled in the United States have an average Japanese content of about 50 percent, including major parts like engines and transmissions, which are not counted under the voluntary restraints.

Hence, the 720,000 units from so-called transplants means an economic value of about 360,000 additional Japanese imports.

Although that adds to the U.S. trade deficit, it is not counted for purposes of the restraints.

The Japanese in recent years have also been shipping more expensive



An assembly plant for the Honda Civic CRX. Japanese carmakers are calling for an end to the voluntary restraints that have limited their exports to the United States since the early 1980s.

models to the United States. The trend appears to be on the rise as Toyota Motor Corp. and Nissan Motor Corp. have recently joined Honda Motor Corp. in adding luxury franchises to their regular lines of cars.

The trade numbers raised some speculation that the Japanese government might decide to keep the restraints, but officials of the Big Three auto makers and Japan's automotive trade group have declined to predict what the Trade Ministry will do.

Analysts and economists had incorrectly predicted that the restraints would be dropped last year, while Japanese vehicle sales were declining and car exports were running below the permitted level.

But now the Japanese industry is in its second year of falling car exports to the United States.

Because of higher Japanese car prices stemming from the fall of the dollar, Japan's nine automobile manufacturers shipped only 2.14 million of the 2.3 million cars they were allowed to export to the United States in the year that ended on April 1, 1988.

The relative weakness of the dollar has depressed shipments further this year. From April to October, car shipments from Japan totaled 1.27 million units, compared with about 1.45 million units for the same period last year.

But not all Japanese car manufacturers have fallen short of the import limits.

A Honda spokesman said the company met its quota last year and would probably import every car it could this fiscal year.

Scott Merlis, an analyst for Morgan Stanley & Co. in New York, said he believed that the Japanese government might reapportion the limits, shifting units from companies that were not shipping at their allowed level to those that could sell more cars than they were now being permitted.

The robust health of the Big Three manufacturers remains the most important reason for believing the Japanese government might drop the restraints, said several of the economists.

Oil Flow In U.K. Cut 10%

3 Fields Affected As Tanker Slips From Moorings

Compiled by Our Staff From Dispatches

ABERDEEN, Scotland — Britain's North Sea oil output will be cut by between 10 and 12 percent for weeks because a huge storage tanker broke from its moorings over the weekend, Shell Oil Co. said Monday.

After the vessel began drifting on Saturday, three North Sea fields — Fulmar, Auk and Clyde — were effectively closed because of the absence of a collecting point for their oil.

"The incident shut down three platforms, which represent 10 to 12 percent of the U.K. North Sea oil production," a Shell spokesman said. "There is now no way of bringing the oil on shore."

He added, "At the moment it is difficult to say how long the oil fields will be closed, but it could be weeks, probably months."

British oil output already was about 10 percent below normal because of the explosion of the Piper Alpha oil rig in July. The loss of the platform closed the Piper Alpha field as well as the Claymore and Scapa fields, though work has progressed on returning the latter two to production.

Although North Sea production will continue to cover British consumption, the country's trade balance may be significantly affected by the reduced output, an analyst in London said.

Sales of British oil products totaled \$9 billion (\$16.2 billion at the current exchange rate) in 1988, but they will barely exceed \$2 billion this year because of lower prices and output.

The fields have a combined output of about 210,000 barrels per day. This amounts to around \$1.75 million of lost daily output.

In the meantime, the tanker, the Fulmar, a 200,000-ton converted tanker, broke from its moorings and drifted for more than five hours with 34 men on board, all most clinging to an oil platform with 150 people on board.

The Fulmar had 100 metric tons of crude oil in its tanks.

The vessel, which has no engines or steering, was taken under tow later the same day by tugboats. It was being taken to the Norwegian port of Stavanger for repair and was expected to arrive there on Tuesday.

Oil from the three platforms was fed by pipeline into the vessel, which was moored 150 miles east of the Scottish city of Dundee.

The spokesman said the three fields shut down automatically when the vessel broke free.

Shell operates Fulmar and Auk, while Clyde is run by British Petroleum, which is owned by British Petroleum PLC. (Reuters, AFP)

Hong Kong Fears a Chinese Inflation Invasion

By Coleen Geraghty

HONG KONG — Untrammeled growth in China is threatening to fuel a dangerous inflationary spiral here, and Beijing's efforts to control the situation are affecting local businesses with joint venture projects on the mainland.

Rising consumer price inflation in Hong Kong, in part imported from China, may also erode Hong Kong's ability to compete against other newly industrialized economies of East and Southeast Asia, all of which enjoy substantially lower inflation and higher rates of growth, economists and executives indicated.

Just as China's growth has benefited Hong Kong's economy in the last few years, so China's runaway inflation — now at 30 percent in some cities — endangers the territory's prosperity now.

Through food imported from China, through the growing number of Hong Kong-owned factories based on the mainland and through the millions of Chinese laborers who cross the border each day to work in Hong Kong, Chinese inflation also crosses the border.

An annualized 8.1 percent increase in Hong Kong consumer prices during the third quarter is blamed primarily on domestic factors, such as strong consumer demand, an overheated property market and escalating wages, rather than the pressure of high-priced imports from China. But if Beijing fails to bring China's economy under control in early 1989, Hong Kong may suffer more serious consequences.

"If China cannot bring inflation under control early next year, it will become a problem for Hong Kong," said Vincent Cheng, chief economist for Hongkong & Shanghai Banking Corp. "Our economy



Gordon Wu: Worried about high costs of building materials.

exploit China's lower wage rates must now contend with escalating production costs and raw material shortages.

Others currently in the process of establishing joint ventures face the prospect of long construction delays or cancellation, as Beijing attempts to weed out those projects considered extraneous or inadequately financed, executives said.

Hong Kong's business community has been the top investor in China since 1979, when the country reopened its doors to foreign capital. Of the \$12 billion invested by foreigners through August this year, Hong Kong accounted for about 50 percent.

Production sites on the mainland have become crucial to the survival of the territory's toys, textiles and electronics industries, and thus to

See INFLATION, Page 8

EC Sets Duties On Cassettes of Asian Makers

Agence France-Presse

BRUSSELS — The European Community will impose provisional anti-dumping duties on South Korean and Hong Kong videocassettes, the 12-country group's Official Journal said Monday.

The move is being made to help EC manufacturers hurt by the drop in prices on the European market. The EC's executive Commission said in the regulation published in the journal that the most common videocassette, the VHS E180, cost only half as much in 1987 as in 1985.

To "prevent any worsening" of the harm to EC manufacturers, the commission is setting anti-dumping levies ranging up to 59.3 percent for cassettes made by Hannu Magnetics of Hong Kong. Other hard-hit makers are Magnetic Enterprise of Hong Kong, 20.5 percent; Swire Pacific Ltd.'s Swire Magnetics of Hong Kong, 13.1 percent; and Gold Star Co. of South Korea, 10.8 percent.

The measure applies for a maximum of four months but could be extended.

Currency Rates

Cross Rates	12/26	12/26	12/26	12/26	12/26	12/26	12/26	12/26	12/26
American dollar	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
British pound	166.00	166.00	166.00	166.00	166.00	166.00	166.00	166.00	166.00
French franc	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
German mark	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italian lira	2036	2036	2036	2036	2036	2036	2036	2036	2036
Japanese yen	161	161	161	161	161	161	161	161	161
Spanish peseta	166.37	166.37	166.37	166.37	166.37	166.37	166.37	166.37	166.37
Swiss franc	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
U.S. dollar	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

7 African States Raise Rates to Curb Outflows

Agence France-Presse

ABIDJAN, Ivory Coast — In a move aimed at stemming capital flight to Europe, the Central Bank of West African States is boosting its normal discount rate by one point and its preferential discount rate by 1.5 points, bank officials said Monday.

Retrospective to Friday, the normal discount rate is 9.5 percent and the preferential rate 7.5 percent.

The bank's new governor, Alassane Ouattara of Ivory Coast, announced the decision in an interview published Monday by the Ivory Coast daily *Le Nouveau Matin*, saying the new rates would be "higher than rates in France."

Officials later supplied the exact rates.

The institution has its headquarters in Dakar, Senegal, and serves as the central bank for the seven members of the West African Monetary Union. They are Benin, Burkina Faso, Ivory Coast, Niger, Mali, Senegal and Togo.

Mr. Ouattara indicated the move was aimed at combating capital flight to Europe, but analysts said it would be insufficient to keep African capital at home, especially

since private banks have long offered rates of more than 10 percent.

Mr. Ouattara, who is succeeding the late Abdoulaye Fadiga as central bank chief, said: "People who have put money into France for speculative reasons will see that they lose money in the long run."

Mr. Ouattara also said that trying to create a joint currency for all Africa "would be tantamount to under present circumstances to establishing an association of the mutilated." The goal must be pursued, but "an African currency has to be credible."

He noted that the CFA franc "is one of the few credible currencies accepted everywhere in Africa and outside it."

Much of the economic growth in 12 former French colonies has been built on the CFA, or African franc. Since 1948, France has guaranteed a fixed parity of one French franc to 50 African francs.

Discussing the rate hike, Mr. Ouattara said that institutions such as the International Monetary Fund and the World Bank "have to be sufficiently objective in analysis of our situation."

MINISTRY OF POSTS AND TELECOMMUNICATIONS

PLANS FOR UPDATING AND DEVELOPING TELECOMMUNICATIONS: 1986-1990

Based on the overall plan prepared for the period 1985-2000 and taking into account the constantly increasing demand, technological developments and the economic situation, ONT has drawn up a plan for updating, modernizing and developing telecommunications in the Côte d'Ivoire for 1986-1990, the objectives of which are as follows:

1st phase: In 1986 - Communications satellite link uses 7.5m diameter parabolic antennas at both Abidjan and Yamoussoukro. This link transmits 72 telephone channels and each telephone channel modulates a carrier. These 72 channels are subdivided into 60 channels accessible via the communications network and 12 special point-to-point channels (channels specially reserved for the President of the Republic and certain ministries).

2nd phase: In 1986 - Establishment of 18 extra sites.

3rd phase: In 1990 - Communications satellite space-stations for the 10 largest towns, served by 7m diameter antennas, and banks of circuits able to accommodate up to 200 channels.

4th phase: In 1990 - Establishment of 18 extra sites.

Once this important project is realized it will take over, using a series of 44 ground stations distributed over the country, a large part of the international telecommunications traffic and will provide communications with isolated rural communities.

Treasury Situation: Since July 1986 the Treasury has permanently available financial resources of about 3 billion F CFA, and is therefore in a healthy state, indicating a satisfactory short-term financial situation.

Postal Services: In this field, the international standard recommended by the International Postal Union, and which is aimed at measuring the facilities in developing countries, is one post office per 25,000 inhabitants.

As regards the Côte d'Ivoire, there is one post office for every 30,317 inhabitants. The ratio is improved if one includes the specialized centers, though this could falsify the results since not all these centers are in direct contact with their clientele.

Postal Density: This is a ratio obtained by calculating the number of km² of catchment area corresponding to a post office. The relevant international standard is 1,000 km² per office.

The Côte d'Ivoire has a postal density of slightly less than 1,000 km², which puts it among the leaders in Black Africa as regards postal services.

Currency Rates

Key Money Rates Dec. 26	12/26	12/26	12/26	12/26	12/26	12/26	12/26	12/26	12/26
United States	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Discount rate	10%	10%	10%	10%	10%	10%	10%	10%	10%
Federal funds	8 1/4%	8 1/4%	8 1/4%	8 1/4%	8 1/4%	8 1/4%	8 1/4%	8 1/4%	8 1/4%
Prime rate	10 1/2%	10 1/2%	10 1/2%	10 1/2%	10 1/2%	10 1/2%	10 1/2%	10 1/2%	10 1/2%
3-month Treasury bill	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
6-month Treasury bill	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
1-year Treasury bill	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
3-month CD	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
6-month CD	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
1-year CD	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%

Seoul to Build 34 Power Units For \$22 Billion

Reuters

SEOUL — South Korea plans to build 34 power plants, including five nuclear stations, by the year 2001 at a cost of \$22 billion, the Energy Ministry said Monday.

The ministry's long-term power generation plan calls for the launch of one nuclear plant every year from 1995 to 1999 to help meet growing demand for electricity.

South Korea now operates eight nuclear plants and is building one for completion by September. "The fast pace of our economic growth resulted in the sharp rise in electricity use and we have to increase generation capacity rapidly," a ministry spokesman said.

Other plants to be built from 1989 to 2001 will use hydroelectric power, coal and hydroelectric power as energy sources, the spokesman said.

Total power generation capacity is projected to rise 79 percent, to 35,725 megawatts from the present 19,944 megawatts. Nuclear power is to account for 34.5 percent of South Korea's electricity generation by 2001, compared with the current 33.4 percent; coal is to be 35 percent, up from 18.5 percent.

Dollar Finishes Little Changed in Tokyo

Reuters

TOKYO — The dollar closed little changed on Monday after fluctuating narrowly in very thin holiday trading.

With most overseas currency markets remaining closed for the Christmas holidays, dealers said that there was no incentive to push the dollar substantially in either direction.

Many added, moreover, that with no major economic data scheduled for release this week, dollar trading should probably remain light until trading resumes in the new year.

The dollar closed here at 124.72 yen and 1.7725 Deutsche marks, little changed from closing levels of 124.68 yen and 1.7775 DM in New York on Friday.

The British pound rose to \$1.8045 from \$1.8015 at the finish in New York on Friday. The dollar dipped to 1.4940 Swiss francs from 1.4975 in New York.

The U.S. currency eased slightly from the opening level on selling among investment trusts to hedge new foreign portfolios at around 124.75 yen, as well as on sporadic exporter selling.

Most dealers said they have al-

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Currency Rates

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United States	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
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3-month Treasury bill	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
6-month Treasury bill	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
1-year Treasury bill	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
3-month CD	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
6-month CD	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%
1-year CD	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%	7 1/4%

U.S. Money Market Funds

Dec. 23

30-day average yield:	8.07
Treasury bill yield:	8.05
Source:	Merrill Lynch, Pierce, Fenner & Smith

Gold

Dec. 23

« Nombre de mes amis,
hommes et femmes
de goût, choisissent
invariablement
la même
eau minérale. Et
cette eau c'est
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